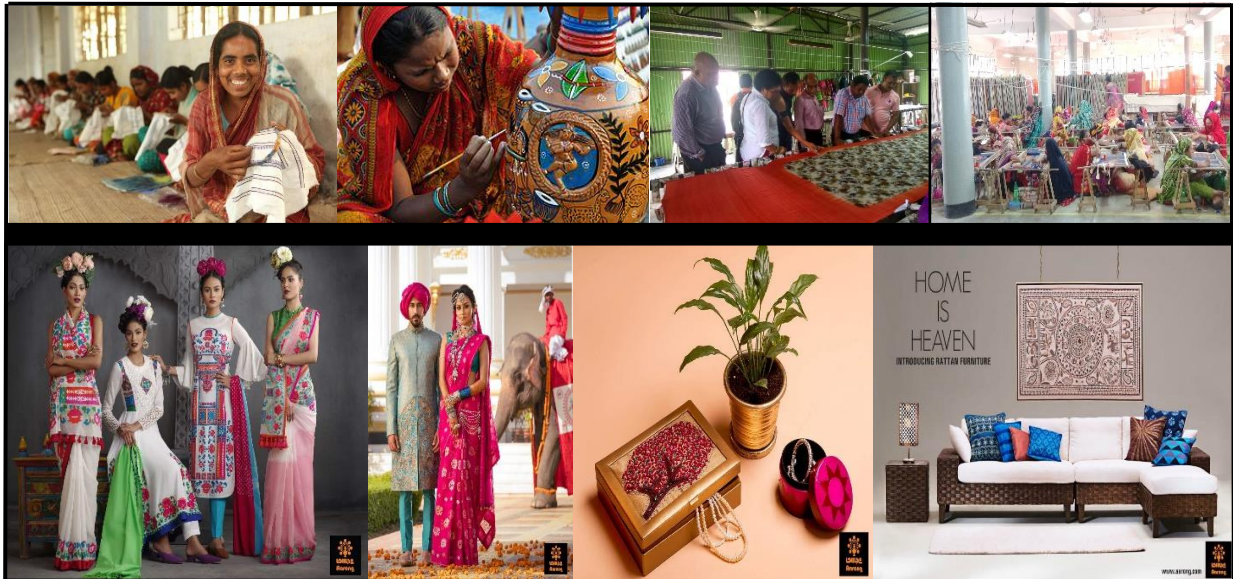


**A study of “Aarong - Social Compliance and Producer Development (SCPD)”  
and Its Role in Encouraging its Existing, Next Generation and Declining  
Producer to Maintain Export Quality Products**





## **Internship Report**

**On**

A study of “*Aarong - Social Compliance and Producer Development (SCPD)*”  
and Its Role in Encouraging its Existing, Next Generation and Declining Producer  
to Maintain Export Quality Products

### **Faculty Supervisor:**

Mr. Mohammad Atiqul Basher

Lecturer

BRAC Business School

BRAC University

### **Submitted By:**

Fatema Tuz Zahra

Id: 14104081

**Date of Submission: 05/04/18**

Letter of Transmittal

5 April, 2018

Mr. Mohammad Atiqul Basher

Lecturer

BRAC Business School

BRAC University

Subject: Submission of Internship Report.

Dear Sir,

I am submitting this internship report that was assigned to me as an important requirement of BBS program at BRAC University. My topic was ‘A study of “Aarong - Social Compliance and Producer Development (SCPD)” and Its Role in Encouraging its Existing, Next Generation and Declining Producer to Maintain Export Quality Products’. The report has been completed from the knowledge that I have gathered from my 3-month internship at BRAC-AARONG in the SCPD Department.

I have tried my best to complete this research paper meaningfully and correctly. I do believe that my effort will be visible to you after reading the research paper. However, if you need any assistance in interpreting this research paper please do contact me.

Thank You

Sincerely,

---

Fatema Tuz Zahra

Id: 14104081

## Letter of Endorsements by the Supervisor Faculty

The Internship Research Report entitled “A study of “*Aarong - Social Compliance and Producer Development (SCPD)*” and Its Role in Encouraging its Existing, Next Generation and Declining Producer to Maintain Export Quality Products” has been submitted in partial fulfillment of the requirements for the degree of Bachelor of Business Administration (BBA), Major in Human Resource Management, on April 2018 By Fatema Tuz Zahra, ID# 14104081. The report has been accepted and may be presented to the Internship Defense Committee for evaluation.

(Any opinions, suggestions made in this report are entirely that of the author of the report. The University does not condone nor reject any of these opinions or suggestions)

---

Mr. Mohammad Atiqul Basher

Internship Supervisor

## **Acknowledgment**

First of all, I would like to express my sincere gratitude to Mr. Mohammad Atiqul Basher, Lecturer, BRAC Business School, BRAC University for providing me detailed guidelines and advices on this research paper. He has given me clear guidelines to make this study as flawless as possible. His guidance and discussion helped me to understand the research activity and analyze it properly. He successfully made me realize the importance of this report in my future endeavors which helped me to get more motivated.

I am also thankful and acknowledged to SCPD Manager Heidi Lowe, my supervisor Mr. Fahad Rahman (Senior Officer - SCPD), Shahnaz Parveen (Export Manager), along with Champa Khatun (Quality Control Officer), Mahjabin Zerin (Officer- SCPD) and Mousumi Mohsin (HSS Officer- SCPD), M.S. Imran (Grievance Officer- SCPD) for their direct help, suggestion, and assistance in helping me understand various aspects of daily activities of SCPD to complete this report. I am also thankful to each and every single participant of the FGD Panel (Artisans and producers) who cared enough to take part in it and helped to complete the research successfully. Without their participation it would not have been possible. We have also thoroughly enjoyed while working on the research paper and hope the project is appreciated.

I would also like to thank the authority of BRAC - AARONG for helping me by giving an opportunity to work with them.

## **Executive Summary**

As one of Bangladesh's largest fashion retail chains under the umbrella of one of the world's largest NGOs, Aarong extended its support to rural artisans by investing in their handicrafts for several years into its operations. In the process, it saw the emergence of independent producers and created income generating opportunities for thousands of artisans from communities beyond the reach of BRAC. A department called SCPD helps to recruit new producers and artisans and acts as Human Resource for them. With the help of SCPD, Merchandising and QC, by exporting in 15 different countries Aarong represents Bangladeshi tradition and culture as well as helps increasing the GDP of Bangladesh. However, comparing to earlier years, the percentage of revenue of Aarong from export has decreased. So, this report aims to identify the reason behind it as well as how SCPD helps to encourage producers and artisans to maintain and improve the quality of export production. This study aims to fill this gap by taking a fresh look at the role and relationship of monthly regular order with cash payment (Incentive), training and monitoring(TNA), production and storage check (Infrastructure) with export production quality. For this study two FGD are done with employees of different departments of Aarong as well as with producers and artisans. Later on, both participants answers are analyzed and some common concerns, problems and mistakes during production are highlighted. The causes of these mistakes and problems are also discussed and finally some recommendations are provided which might be helpful for providing a guideline in maintaining the export production quality.

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## Part 1- Organization Overview





## 1.1. Organization Profile



Bangladesh Rural Advancement Committee (1972), and later as Building Resources Across Communities (2000), **BRAC** was initiated by Sir Fazle Hasan as a small-scale relief and rehabilitation project Abed at Shallah Upazillah in the district of Sunamganj to help returning war refugees after the Bangladesh Liberation War of 1971.



BRAC set Aarong, a handicraft marketing outlet to generate employment for the poor women. Other programs of BRAC include education, agriculture and food, disaster, environment and climate change, gender justice and diversity, health, nutrition and population, human rights and legal aid services, integrated development, microfinance, social enterprise, socially responsible investments, targeting extreme poverty, water, sanitation and hygiene and other support programs.



The Ayesha Abed Foundation (AAF) was established in 1982 in honour of the memory of Late Mrs. Ayesha Abed, wife and co-worker of Sir Fazle Hasan Abed. The foundation has 12 Main Production Centre which are - Manikgonj, Gorpara, Jessore, Jhenaidah, Pabna, Kushtia, Nilphamari, Baniachong, Rajbari, Kurigram, Sherpur and Jamalpur and over 658 sub-centres and it



works as a production hub for Aarong. There are 15-90 Sub-Centres per Main Production Centre, 10-80 female artisans per sub-centre and Each Sub-Centre has one in charge.



As one of Bangladesh's largest fashion retail chains under the umbrella of one of the world's largest NGOs, Aarong extended its support to rural artisans by investing in their handicrafts for several years into its operations. In the process, it saw the emergence of independent producers and created income generating opportunities for thousands of artisans from communities beyond the reach of BRAC. It employs more than 65,000 artisans and among them 85% are women (BRAC-Aarong, 2015). Tamara Hasan Abed is the senior director of BRAC Enterprises and heads BRAC's 16 social enterprises including Aarong, BRAC Dairy and BRAC Seed and Agro Enterprise.



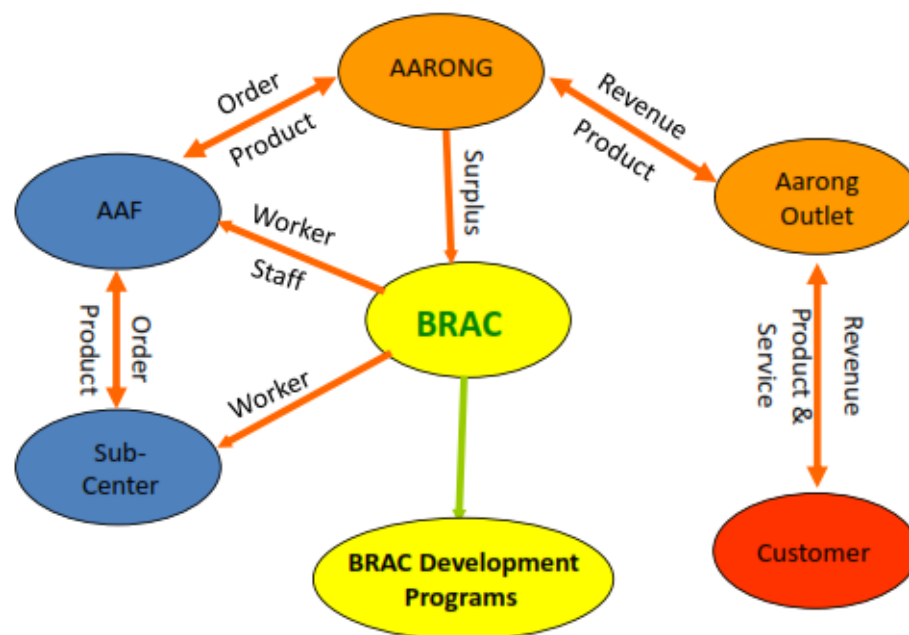
Weaving together new opportunities for people with the skilled work of their artisans, Aarong has carved out a unique market segment, giving hope to the crafters. Furthermore, “safe-guarding traditional crafts” is an overall social objective of Aarong. Hence the strategic objective 2017-2018 was created in order to ensure that Aarong can continue fulfilling the social objective. This strategic objective is to understand, which skills are declining and how it can be improved.

Aarong now has 13 outlets (in Gulshan, Dhanmondi, Uttara, Moghbazar, Mirpur, Jamuna Future Park, Wari, Narayanganj, Sholoshahar, Halishahar, Khulna, Comilla and Sylhet) all across Bangladesh and exports its products to different countries mainly Japan, Nepal and India in Asia, United Kingdom, Italy, Netherlands, Spain, France and Sweden in Europe, Canada and United States of America in North America and Australia and New Zealand in Oceania. Earlier Aarong had a franchise called “Craft & Culture” in London. But later on, it was closed.

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## 1.2. Relation between Aarong and AAF:

The Ayesha Abed Foundation is in charge of the 12 sub centres where the artisans work different sections (Hand embroidery, Erri, Weaving, Wash, Tailoring, Value add, Metal, Furniture, Pottery, etc.). The products made by the artisans are send to Aarong head office for quality check. Then the QC approved products are send to Aarong outlet. The revenue goes to Aarong and the monthly wage of artisans, 12% markup with costing in cash for producers, as well as a fixed health benefit fund is made with this revenue. The surplus goes to BRAC for its development program such as Apon (child care), Alo (education), Wash (sanitization).



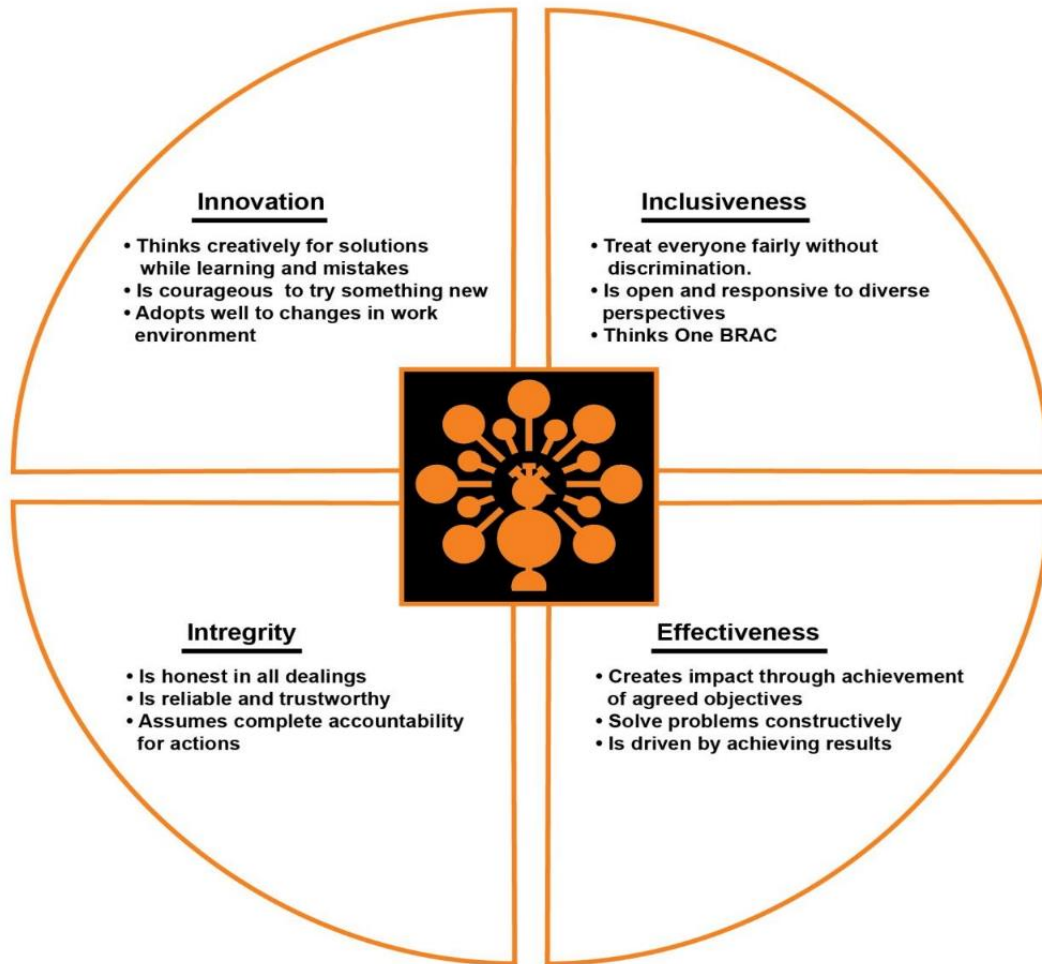
**Fig: Relation Between Aarong, AAF and BRAC**

**Vision of Aarong:** A world free from all forms of exploitation and discrimination where everyone has the opportunity to realize their potential

**Mission of Aarong:** To empower people and communities in situations of poverty, illiteracy, disease and social injustice. Their interventions aim to achieve large scale, positive changes through economic and social programs that enable men and women to realize their potential.

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### 1.3. Core values of Aarong:



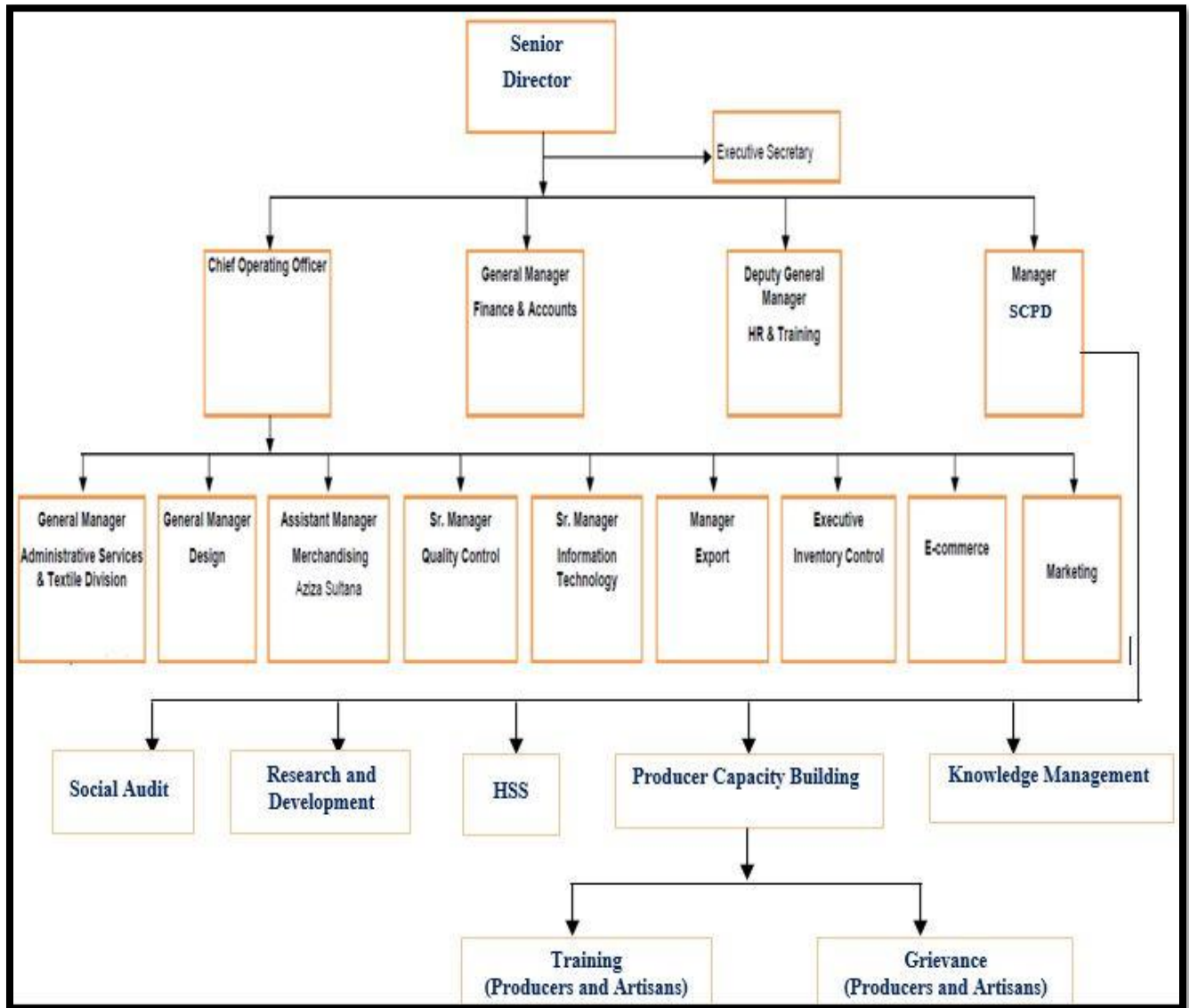
**Fig: Core values of Aarong**

### 1.4. Target Customers of Aarong:

As the price of Aarong's products is comparatively high, all classes of people of our society cannot afford the products of Aarong. So, the target customers of Aarong are as mentioned below:

- Middle and higher socio-economic classes
  - Foreign visitors (Tourists and Business Travelers)
  - Bangladeshi people living abroad.
-

### 1.5. Organogram (AARONG - SCPD)

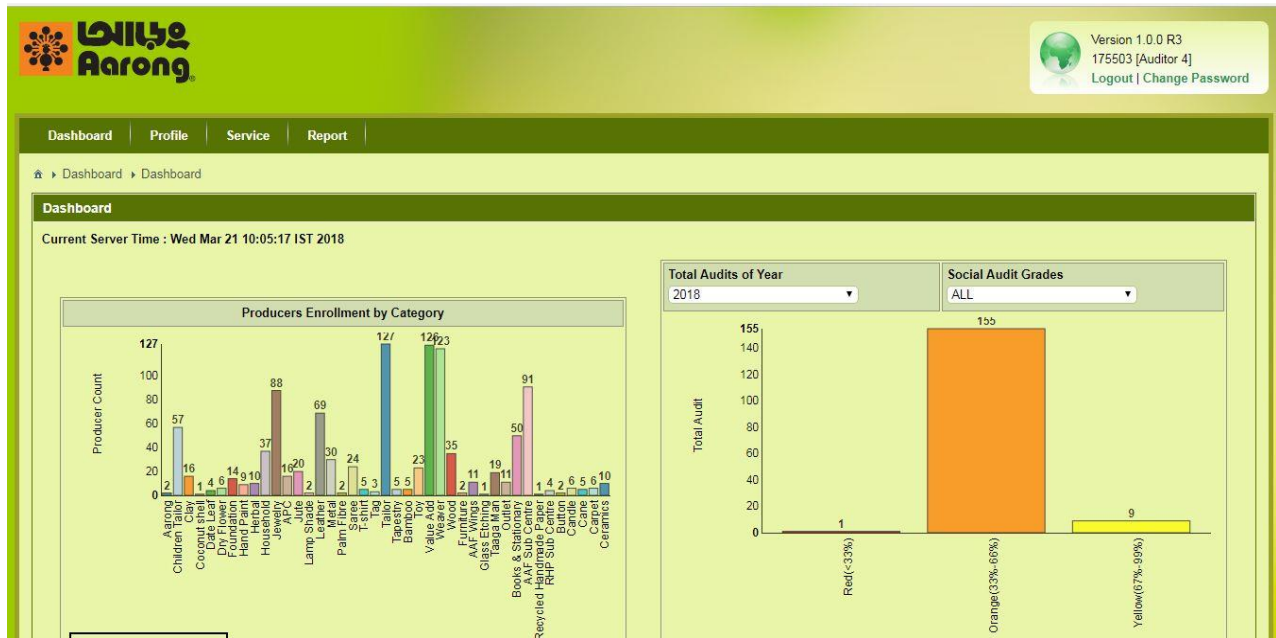


**Fig: Organogram (AARONG - SCPD)**

At Aarong, the manager is the department head of SCPD. There are mainly, a total of five sections or divisions of SCPD. Social Audit has two senior officers and an officer assigned, Research and development has a senior officer and an intern, HSS has an executive and an officer assigned, producer capacity building has two officers and an intern, and knowledge management has an officer and a part time assistant. The main roles and responsibilities of these sections are elaborated below.

- 1. Social Audit:** Social audit team conducts monthly evaluation of production sites of both producer’s factories and production centres of Aarong. There is a total of seven criteria’s

which are – (Working Environment, Environmental Management, Structural Facilities, Product and Personnel Security, Fire Safety and System, Ensuring No Child and Forced Labor, Employee Management), that constantly needs to be checked in order to maintain Fair Trade policy and WHO policies. Two senior officers and an officer are involved in working in Social Audit. There are four types of marks for those criteria: red (unfulfilled - 0), orange (inadequate -1), yellow (needs improvement - 3) and green (adequate – 4). As a part of my internship I also went to a social audit. After auditing, all the information is put in a software called “Sourcetrace”.



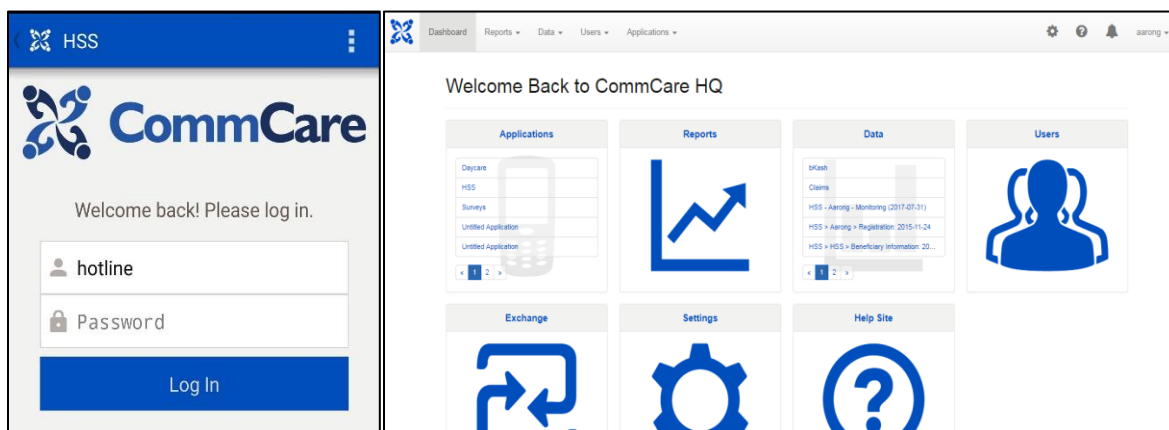
The 'Audit Report Detail' page provides comprehensive information about the producer and the audit process. It includes personal information, production details, and a summary of audit findings.

Personal Information		Total Number of Organised Artisans				Production Information			
Producer/Foundation Name	Al Islam Mia	Total Artisan	Male	Female	Min.	Max.	Machine Type	Count	
Producer Code	0267	18	10	8			Taat	9	
IP Status	Active	<b>Main Production Unit Artisans</b>						Monthly Production Capacity	0
Audit Location	Rugganj - 163	Salary	0	0	0.00	0.00	Monthly Order Volume	0	
Proprietorship	Own	Piece Rate	10	8	10000.00	14000.00			
Actual Factory Address	Dokkhin Rupsi, Rugganj, Narayanganj	<b>Field Production Unit Artisans</b>							
Category	Saree	Salary	0	0	0.00	0.00			
Enterprise Category	Micro	Piece Rate	0	0	0.00	0.00			
Unit	own	<b>Adolescent Artisan</b>							
Date visited	01-25-2018 14:08:51	No of Adolescent Artisan					0		
Compliance Officer	Shyama Das [12345]	Type of Adolescent Artisans Work					N/A		
Field Location	23.73278247, 90.51040426								
Audit Type	Scheduled Audit								

Audit Category	Findings
Working Condition	Inadequate - 1
Environmental Management	Needs Improvement - 2
Structural Facilities	Needs Improvement - 2
Product and Personnel Security	Needs Improvement - 2

**Fig: Sourcetrace Software**

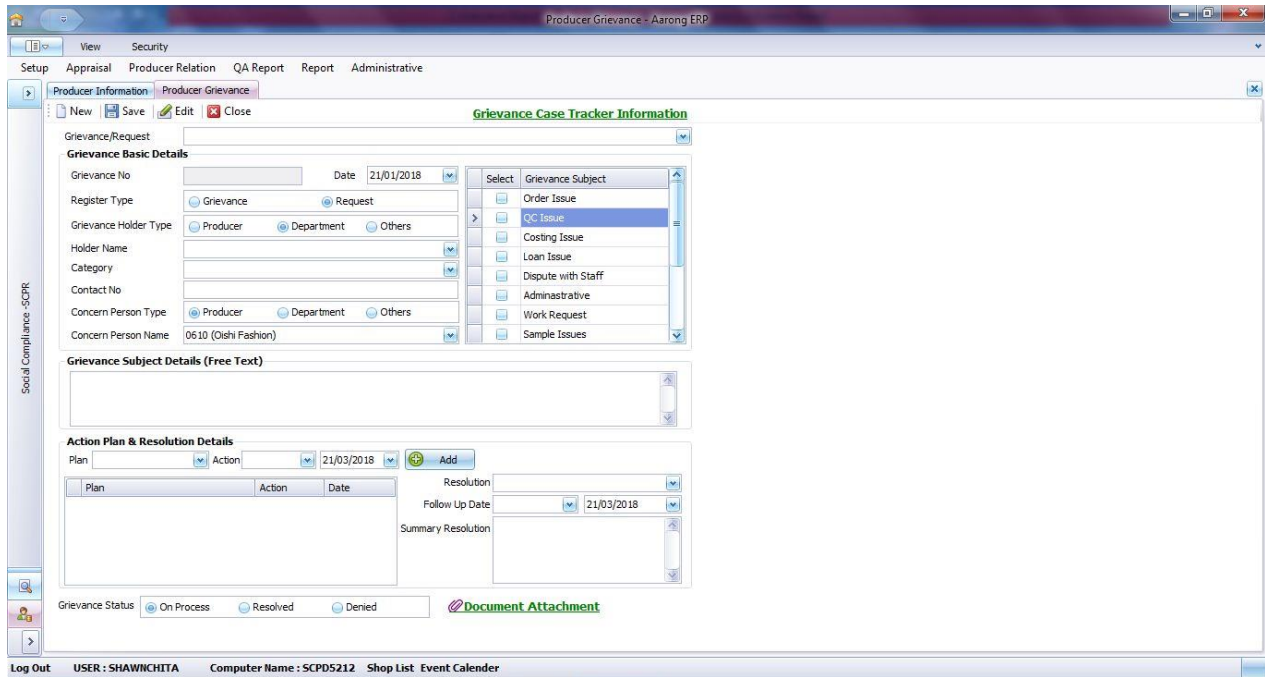
2. **HSS:** “Health Security Scheme” is a project by Aarong to provide financial assistance to the registered artisans of Ayesha Abed Foundation when they get sick and admitted to an empanelled hospital. Currently, there are 65,000 artisans are working for Ayesha Abed Foundation (BRAC-Aarong, 2015) mostly in different rural areas of Bangladesh. Under the health security scheme an artisan can get 1000 taka to up to 10,000 taka. An Executive and an HSS Officer works as a communication medium with the artisans and is responsible of allocating the money to eligible artisans. A software called “CommCare” is used to keep a database of the artisans and how many times they took the health benefits. Also, a monthly field work is done by the officer for registration of new workers in the sub centres and do monitoring of the existing workers. During my internship I went to Manikgonj, Gorpara, Jessore and Jhenaidah with the HSS Executive for doing registration and I also observed how the monitoring is done.



**Fig: CommCare Software**

3. **Producer Communication and Capacity Building:** there are two sub division – grievance and training, which are directly responsible for producers and artisan’s following Aarong policy and ensuring that their needs are met.
- i. **Grievance:** Producers come out with different social and production related problem. SCPD Grievance officer listens to that problem. If it is social problem then SCPD resolve the problem but for the production related problem SCPD take those problem it weekly meeting and try to resolve those problem with the respective authority (AAF). A software called ERP is used to communicate with the respective departments as well as store the

grievance details. I have attended few meeting with the producer (FGD) and listed the problem that they are facing and seen first-hand how these issues are resolved or denied.



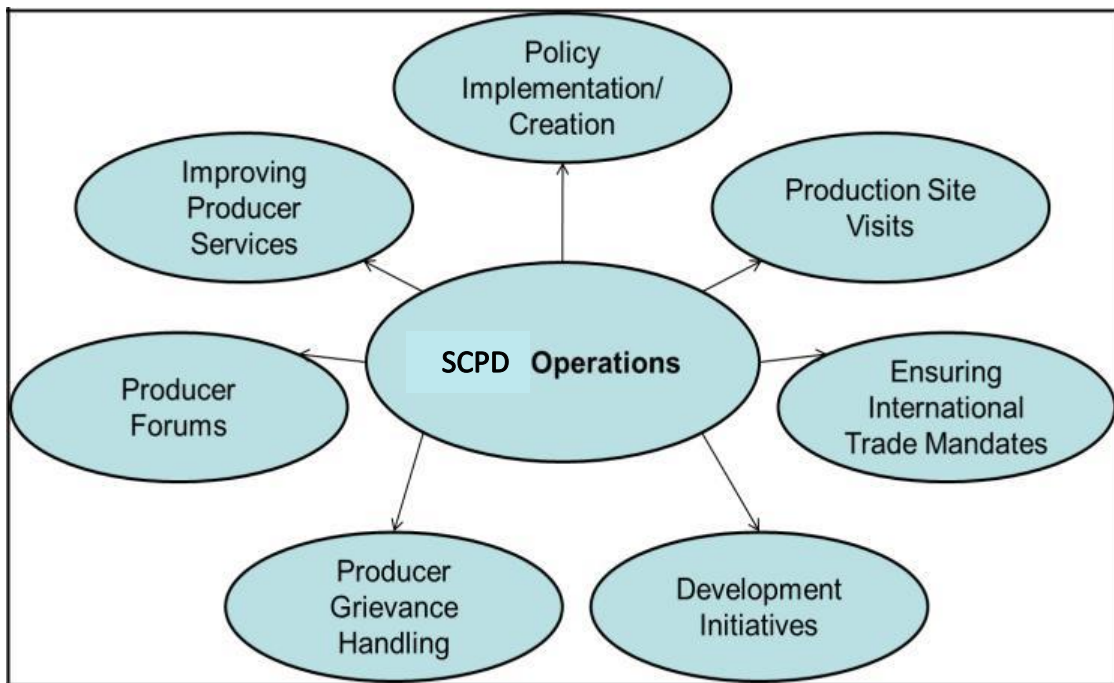
**Fig: ERP Software**

ii. **Training:** Aarong does not have orientation manual or specific software for training its potential and existing producers. It is another key responsibility to SCPD to make orientation and give business management training to its producer. Orientation manual includes the topics that producers should know before he makes the final agreement with Aarong. Most of the information about the producers and artisans are taken for the “Industry Profile” of Aarong. Forums and training sessions are conducted by an officer with the help of other professionals (guest) along with producers and artisans in different topics depending on the needs of the situation.

4. **Knowledge Management:** Recruitment of producers are done by this section. All the data of the existing, new and old producers as well as all legal documents and their photocopies as proof documents are kept by this section. Also, separate files both hard copies and soft copies and an overall report called “Industry Profile” in MS Excel is made.



**5. Research and Development:** All the new and existing projects such as HSS, Sustainability, Grievance are evaluated by a senior officer to see the trend and forecast if the projects are beneficial or it should be discontinued, if the registration or enrollment of New artisans are according with the trend or not. Also, to analyze the budget for said projects as well as the overall budget is forecasted by the officer. For this purpose, Sourcetrace and CommCare software as well as the Industrial Profile is used. For the First two months of my internship, I was mainly assigned to the senior officer to assist him in a project called “HSS Evaluation”, where I had to filter through raw data of registration from CommCare, find duplicates, invalids, and do a trend analysis and present them in a graphical manner.

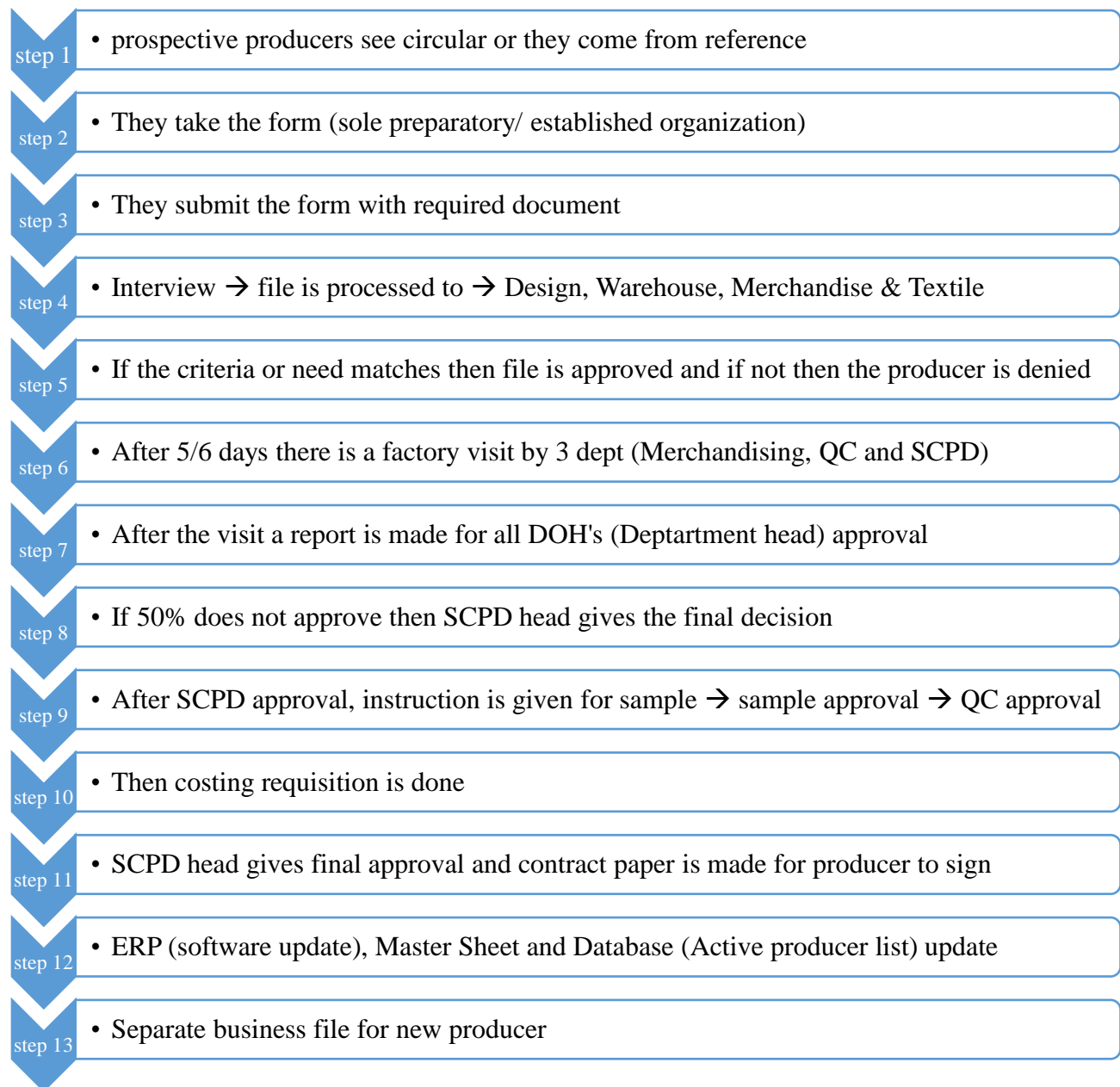


**Fig: Responsibilities of SCPD**

**1.6. Process of Producer Recruitment:**

There is a total of thirteen steps that has to be maintain in order to recruit a producer. The recruitment is done by the SCPD department instead of the Human Resource department. A circular is given for producer recruitment. Two types of producers - sole preparatory and established organization are taken. Documents such as license or work permit, tin number, credit or loan that would provide the validity of the organization are submitted along with the form. If

the form is selected then an interview is conducted by the SCPD and the file is processed to Design, Warehouse, Merchandise and Textile. After the initial selection, 5 to 6 days' time is given to the prospective producer for factory visit, and a report is made for the department heads approval. After finalizing the approval, sample is taken for approval and clearance and costing requisition is done. Later on, SCPD gives the final approval and signs contract with the producer and information about the producer is inserted in ERP Software and Master Sheet and finally a separate business is made for the producer.



**Fig: Producer Recruitment Process**

## Part 2 – Introduction and Overview of the Report



## **2.1. Rationale of the study:**

Exporting both textile and non-textile products for more than 15 countries is also a part of this social objective. Earlier, in 2015 almost 9% (approximately 68.2 million) of the revenue of Aarong came from export (BRAC-Aarong, 2015). Therefore, maintaining the quality as well as trying to improve with the guideline provided by International labour law and fair-trade principles plays an essential role for Aarong. However, while strictly following these rules, at present it has decreased to 3-5%. According to (Parveen, 2018) 50% of the export order comes for t-shirts, 30% comes for Household Items (cushion covers, bed sheets with hand embroidery, framed nakshi katha stitch) and the remaining 20% comes for Home décor. Three of the departments in Aarong, which are Export, SCPD (Social Compliance and Producer Development) and QC (Quality Check), are mainly responsible for exporting and maintaining export product quality. This is one of the major functions of the SCPD department.

As Aarong is known for its fashion and lifestyle product lines, it sees its producers and artisans as employees and an asset. Therefore, SCPD acts as a human resource department for its producers and artisans providing compliance, grievance and also needed training and monitoring for any type of improvement. This also includes different strategies for maintaining export quality products and also products in general. So, being a major in Human Resource Management, this study will help me understand the value of this department and how it is a core part of Aarong and its daily activities. Furthermore, maintaining and also improving export quality products will increase order and sales of Aarong making a positive impact in the business sector and also will increase the GDP of Bangladesh. This research will help not only Aarong but also BRAC Business School to understand which methods acts as the most effective encouragement or initiative for the producers and artisans in order to maintain the production quality and also which areas can be considered for improvement or further modification.

## **2.2. Statement of the problem:**

Aarong products are popular for its Authentic Bangladeshi products and also for its quality. However, a large part of its market segment is those people who live in abroad and come to visit Bangladesh. Even though, Aarong exports its products in fifteen other countries, strict quality check and other fair-trade policies make it difficult to increase the export product quantity which results in less number of sales. There even though there is high demand but the supply is not sufficient. There is potential labor for increasing production in this country but they are not well

trained or there is a lack of guideline. However, if there is a way of maintaining as well as improving the export quality of production then it will increase both sales of Aarong and the overall GDP (Gross Domestic Product) of Bangladesh and also the GNI (Gross Domestic Income). This study aims to fill this gap by taking a fresh look at the role and relationship of monthly regular order with cash payment (Incentive), training and monitoring(TNA), production and storage check (Infrastructure) with export production quality.

### **2.3. Scope and Delimitation of the Study:**

In order to understand the topic and all the process all the departments have to follow for quality assurance, Manager of export department, was interviewed. Then, an FGD was conducted with two export officers, grievance officer, social audit officer and QC officer of Aarong, senior research officer, officer of Textile, officer OF AAF and two training officers (Pictures are included in the Appendix of the report). Also, producers form Dhaka and artisans form Jessore (Mulgram, Nehalpur, Methopara), Jenaidah (North and South Sundorpur, Pobohati, Bagutia, Kanchonpur), Manikganj (kashinathpur, Baniajuri), Gorpara (Ranadia, Sadarpur, Sagordighi), Pabna (Jalalpur, Kashinathpur), Kushtia (Hazipara, Haripur, Uttar Lahini) and Rajbari (Matipara, Banibaho) was gathered and and FGD was arranged (Pictures are included in the Appendix of the report).

### **2.4. Objective of the study:**

The general objective of this study is to encourage standard quality of export production and increasing export quantity by properly allocating ideal labor in Bangladesh.

To be more specific, the objective is to understand how the SCPD department's roles and responsibilities are helping increase export quality products and broadening market segmentation as well as sales of Aarong and providing daily income for the producers and artisans specifically women of the rural areas.

Firstly, this study aims to identify if providing monetary incentives, training and needs assessment and improvement of infrastructure facilities has direct impact with the production quality of producers and artisans of Aarong.

Secondly, if they have a positive or negative influence towards the production quality.

Finally, to find out, how these influences will be helpful for Aarong in order to achieve a higher number of export quality product.

### **2.5. Probable limitations:**

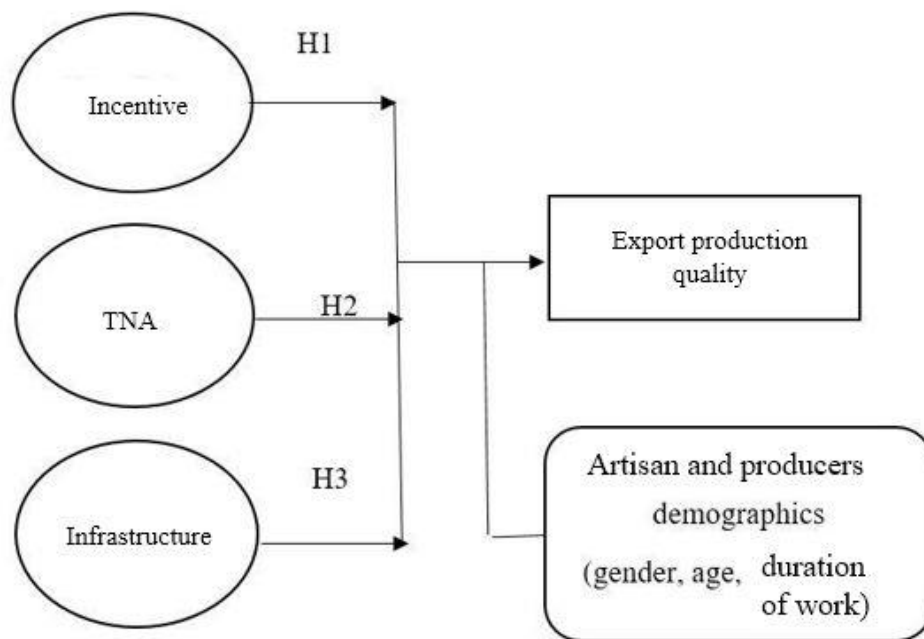
The main limitations are lack of indebt knowledge about this topic, lack of time as well as communication barrier. It is not possible to gather and communicate with artisans from all 12 foundations of Aarong in a short duration of three months. Also, artisans of rural areas do not know how to read or write. Therefore, I had to explain each question of the survey in Bengali to them to get the answers, which was very time consuming. Furthermore, the artisans come to Aarong head office for product submission, QC and clearance. So, they have a lot to do in such a short time. Therefore, they were becoming very impatient that, the FGD was taking too much of their time and were becoming reluctant to participate.

### **3. Review of related literature**

According to (Hossain, 2009) the relationship between foreign trade and economic growth has long been discussed by different schools of thought. The theoretical standpoints can be summarized in terms of technological know-how, market expansion, resource allocation, ease of balance of payments, employment generation and income creation. In Bangladesh, the export composition changed dramatically since then; readymade garments (RMG) emerged as the principle export items of the country while jute export stalled. The country achieved remarkable success in export expansion, mainly because of the stellar performance of the RMG industry. The total merchandise export exceeded US\$16 billion mark by 2009-10, which was shipped to about 200 countries and custom territories around the world. The export earnings of the country are now equivalent to 18 percent of GDP suggesting considerable and growing importance of the export sector in the national economy. (Taslim, 2011) The market for the principal export item of Bangladesh, ready-made garments, is even more concentrated. About 56.5% of the exported apparel items go to the EU countries and 27.8% to the USA. Therefore, it can be said that, by exporting products to 15 different countries earning 9% of its revenue (approximately 68.2 million), Aarong is directly contributing in increasing the GDP of Bangladesh. Aarong has been established in Bangladesh for almost 46 years and since then has open numerous outlets and is also doing online order as well as exporting. So, in order to understand the reasons that might affect export product quality, I have encountered some journal papers which gave me some perspective regarding this topic. (Ferdinand, 2004) explains that employees are said to be the most valuable asset in an organization Therefore, employee's talent need to continuously develop and nurture in achieving the highest performance of the organization. (Noe, 2008) emphasized the key

to finding and developing the talent is by training whereby training is a planned effort of the organization to facilitate employee knowledge and skills that are critical for successful job performance. (Amah, 2013) also mentions in his paper that the success of organizations to a very large extent depends on how effective their reward and incentive schemes are. (Dhingra, 2017) says that, physical working conditions such as cleanliness, lighting, temperature, ventilation is a key factor for improvement of production quality. Using this research as my guide I have set out to find the current situation of Aarong's export quality and in this research, I have tried to find out if there is a way of improving this quality.

On the basis of these journals and my own assumptions I have chosen Incentive, TNA and Infrastructure as independent variable, and have created a graphical model (Malhotra, 2016) which in turn, is hypothesized to show the relationship between them and export product quality. Also, the artisan's and producer's demographic data also has an effect towards export product quality.



**Fig: Hypothesized model of Incentive, TNA and Infrastructure**

### **H1:** Providing an initiative for better export quality product

As the name implies, a monetary incentive is a money-based reward given when an employee meets or exceeds expectations. Monetary incentives can include cash, festive bonuses, discounts, profit-sharing (mark-up) and any other type of reward that increases an employee's compensation. (Hann, 2015) states that the most effective way to increase efficiency and productivity is increasing incentive. Aarong's pay scale for wages and costing is less than other fashion retailers. Furthermore, even though producers are given festive bonus, all of the artisans said that they denied of this. So, my thought is that, the lack of proper monetary incentive is demotivating the artisans to improve production quality.

### **H2:** Needs assessment and training encourages to improve quality of export product

This is an **assessment** that looks at employee and organizational current level of competence, skill or knowledge in one or more areas and compares that competence level to the level required for their position or another position within the organization, to identify any gaps or areas of need. Then providing necessary training. As most of the workers are artisans of rural area, therefore, they sometimes need training to show them new techniques such as new types of stitches of design, new method of cleaning or sanitizing the product or even time management. From interviewing the manager of export department, I have gathered that only T-shirts (men and women), Household Items (hand embroidery, tie die or printed cushion covers, digital printed bed sheets or with hand embroidery, framed nakshi katha stitch) and Home décor. So for t-shirt, training for accurate measurement, washing technic, for household items, training in machine embroidery and appliqué, hand embroidery and appliqué, and different technique of stitching such as Aari, Gujrati stitch, Phulkari, Chikankari that has a huge demand now-a-days. For home décor, clay and metal - use of color glazes, focus on decorating strategies and teach more elaborate finishing techniques. For wood- using measuring instruments, hand tools and power tools to work with lumber and other building materials, introducing new and better chemicals to Varnish Wood and coloring.

### **H3:** Monitoring production surroundings and storage check encourages artisans and producers to improve quality of export production

(Griliches, 1998) says that, infrastructure plays a role in quality management and fast product innovation. According to the paper, the surroundings as well as adequate equipment is a necessity for gaining efficient production. As Aarong export hand embroidery products and T-shirts, these



are very delicate and have to be kept in a specific manner, maintaining required temperature and packaging and even the sanitization of the storage place so that their color does not fade or the stitches do not get loose. Because for that reason a lot of the production becomes QC Fail and Aarong's Export product quantity decreases.

#### **4.1. Methodology of the study:**

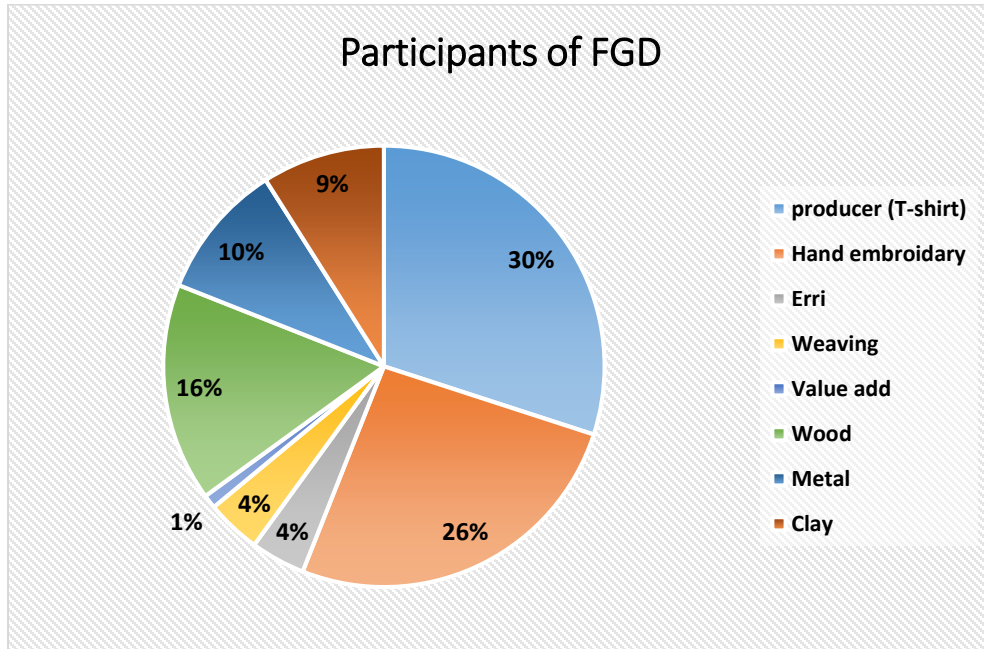
A descriptive research on SCPD's role has been conducted in this study. Both primary and secondary methods are used to collect relevant information for this research. For secondary data, Aarong website, annual report of Aarong export as well as journal papers related with export quality products, are chosen. For collecting primary data interview of export manager and a FGD with internal employees as well as a FGD with artisans and producers was conducted where, dichotomous questions as well as open ended question are provided. Then the findings are graphically shown and explained.

**Sample and data collection:** A sample of 35 respondents was gathered for two FGDs where 10 were officers of Aarong in Export, Merchandising, Quality Assurance, Warehouse, Ayesha Abed Foundation, Textile and SCPD. In the rest 25 people, 30% (8 respondents) were producers from Dhaka and 70% (17 respondents) were artisans from Pabna, Kushtia, Rajbari, Jessore, Jenaidah, Manikganj and Gorpara. The FGD questions contained demographic questions and also about the difficulties the face while production and storage facility and environment, skills that can be improved and what they think about the payment, to understand producer's and artisan's perception about SCPD's role on maintaining quality of the products.

**Age:** According to labor law, artisans cannot be hired under the age of 16. Therefore, population chosen for interview is producers and artisans who are of 16 to 46 years and above considering both male and female from the selected age group. Around 38% of the respondents were aged within the range 21-25 years old, around 28% of the respondents were aged within 26-30 years old, around 26% of the respondents were aged between 26-30 years and around 8% of the respondents were over 40 years old.

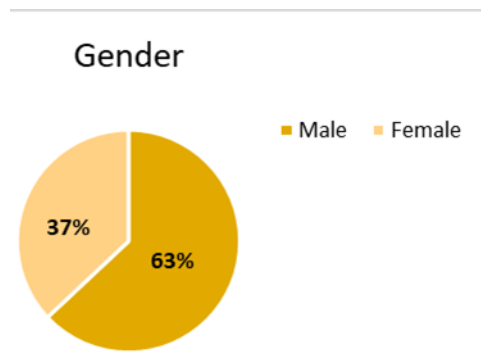
**Occupation (products they make):** As the majority of the export product that Aarong gets order for are t-shirts, 30% (8 respondents) were producers who make t-shirts for both men and women and then 26% (7 respondents) of the respondents were artisans who do hand embroidery, 4% (1 respondent) erri, 4% (1 respondent) weaving and 11% (3 respondents) value addition. My target

population was mainly t-shirt producers and artisans from the hand embroidery section, as I thought they produce more export products than the other chosen population. 16% were wood section, 10% (3 respondents) were metal and 9% (2 respondents) of the respondents were in clay. 47% of the respondents are working with Aarong for over 15 years, 28% of them are working for over 10 years, 17% of them have been working for over 5 years and the remaining 5% are working for over 6 months and 3% are new enrolled artisans.



**Fig: Category of Artisans and Producers in FGD**

**Gender:** Not only women but also, men work in Aarong that is why I added this demographic variable in my FGD. Around 63% (16 respondents) respondents were men and around 37% (9 respondents) of them were women.



**Fig: Gender of Participants**

#### 4.2. FGD with the Producers and Artisans (Overview)

An FGD was conducted on 27<sup>th</sup> March by gathering 8 producers from Dhaka and 17 artisans from 7 different foundations. After the introduction, when I asked them if they knew that their products are being sold outside Bangladesh and that people from 15 different countries are using their products, all the producers said that they were aware of this. However, almost 90% of the artisans said that they did not know and the rest 10% were not completely sure about this. After knowing this information, they were very proud of their work. Then, when I asked them if they knew about the standard Aarong maintains, all of them said that they knew. When asked, how they knew, most of them answered, that they were given a briefing when they joined Aarong. One artisan (hand embroidery) said that if majority of the artisans in the sub centre were making mistakes, they would again get a short briefing about maintain standards and to be careful but otherwise, there were nothing done. Then I asked, what the common mistakes were found in QC. Their reply was:

The major problem of all the artisans and producers was that they had to buy the raw materials according to the costing that was given to them by Aarong. Therefore, they could not afford to use better quality raw material and had to use substitutes or else their costing will increase and they have to pay the additional cost from their own money. The other problems were of different categories -

- For textile: rest of the production was not identical to sample, color bleed/ fade, stitch came loose or hastily done, stitching was not of good quality.

Reason for the mistakes: everyone does not have the same skill as the one who makes the sample as everyone has to work to finish a large order, sometimes they cannot find good quality material to work with as they have to buy a bundle of clothes so if the batch is not good the color bleeds or fades (picture in appendix), Aarong has a strict rule of washing the product 6 times before quality check to minimize the risk of color bleeding after sale. For this reason, usage of harsh chemicals, heat from ironing multiple times can cause the color to fade or the stitches to come loose and the products get rejected. Also, in rainy seasons due to lack of waterproof storage or proper waterproof container, the products become damaged. As the artisans are getting daily wages, they have to fulfill daily target so sometimes at the end they hastily do stitch to finish early. Another reason, is lack of electricity after sunset, they cannot see properly and work so they messily do the stitches

before sunset and leave the sub centre. Some of the artisans are not skilled in particular stitches so that also decreases quality.

- For wood: varnish is not the exact shade of the sample. Design not matching the sample shape.

Reason for mistakes: lack of electricity/ adequate lighting makes unable them to correctly see the color of the varnish, sometimes they do not get good quality varnish, mistake in measurement of wood while making.

- For clay: the most common problem the artisans face is clay products break easily or gets damaged easily during QC check.

Reason for mistake: lack of good packaging and also if firing of the clay while making the product not done properly then that stays soft and not solid enough.

- For metal: Silver showpiece or home décor gets discolor (Picture in appendix)

Reason for mistake: Moisture in the air or on the skin can react with the copper present in all Sterling Silver, causing a green discoloration and tarnish to develop.

- For producer (T-shirt): lack of accurate measurement

Reason for mistake: in order to finish a large order, sometimes the cutting of sleeves or collar or length lacks accuracy.

#### **Which skills are declining:**

- **Textile:** Hand stitch and Value add: Hand embroidery quality is declining (hand stitched flower and leaf design in bed sheets, Gujrati stitch), (picture in appendix) stitches are hastily done in other items such as in cushion cover or drapes. Value addition in muslin, katan and pure silk is decreasing. Also, usage of Adi cloth for doing hand stitch has stopped.
- **Non-Textile:** Metal craft: Wrought Iron (not made any more), abstract brass metal showpieces, Tapa doll (are decreasing in practice). Wood Craft (mini furniture made of palm wood)

After explaining that if they get training for time management, workshop for learning new types of stitches or techniques and also how to do packaging for different products, it will help them minimize those mistakes, they were taking it very positively and were eager to arranging them. The FGD I conducted, shows that 90% of the artisans and producers have worked with other fashion retailers such Rong, Shada Kalo, Desal and Jatra and agree that Aarong pays them less compared to them then almost

83% of the producers and artisans have acknowledged they would be more conscious toward maintaining the quality of their production if their costing and wage is increased.

#### **4.3. FGD with the Internal Employees (Overview)**

An FGD was conducted by gathering 10 internal employees of Aarong in order to get an in depth expert opinion on this topic. This FGD was held on 27<sup>th</sup> March at Ayesha Abed Foundation Meeting room at 2:30 pm. After the introduction, the first things I asked what the most exported product was and that is T-shirts (50%). The reason is there is high demand for cotton t-shirts in the market. The next products are house hold (30%) and home décor (20%). Then I asked how much of the revenue Aarong gains from export. The export officer said that, last year it was approximately 69.4 million. Even though the amount of the revenue has increased compared to previous years, the percentage has decreased from 9% to 5%. According to all the participants, the most common reason is the price that they are charging for the products do not match the quality they used to provide in the earlier days. Also, there is a huge demand for Indian and Chinese product in the market. Therefore, the demand and order size of local products is decreasing. Then I asked, what the possible reason could be for quality decline. The first thing they suggested was that earlier the producers or artisans that were involved, were doing this work since a very young age and were very skilled, but now they have age and some have retired and the next generation producers are taking care of the business or the work they used to do have stopped. Most of the young producers are not as skill as the previous ones and also many workers leave traditional crafts in order to pursue professions that are more lucrative (starting a tea stall, rickshaw/motor rickshaw pulling, working in garments factories etc.). Participants (merchandise) agree to one of the possible cause of skill decline in non-textile sector is lack of raw materials like date leaves, palm tree leaves, wheat leaves, jute carpets, stones for jewellery, specific quality threads, clay for tepa dolls etc. and they are expensive to purchase from outside Bangladesh. Sometimes the colour of the sample does not match (darker or lighter) with the production batch. There is also problem with textile raw materials. For example: colour bleeding and fading problem in fabric. Also, there is demand for pure silk and katan but it is not being used in household. For weaving sector participants stated that the producers or off springs who take care of the producer ship of the original producers do not have the same level of skills or experience. Dupaiyan, Muslin, Toshor are not being made anymore by the artisans nowadays. They were heavily emphasizing that there was a need of training. In hand embroidery some artisans are not skilled enough to adapt new design (Gujrati

stitch, Phulkari) given to them. Also, as the hand embroidery is delicate work, so washing it too many times can make the stitches loose or ironing can burn the strings. Finishing stitches are sometimes hastily done in items such as cushions. So, the appeal becomes less. Most common defect they find in clay is that they break easily during transport or QC so the demand has decreased. Silver is not properly stored and when it comes in contact with moisture it becomes green and loses its appeal. Also, Production is taking a long time but compared to the time, the number of output is less than what was predicted. Time is not equally distributed for the production and not properly maintained. Most common grievances that the officers face is regarding costing and to the QC efficiency level. There is lack of space in the QC so, the products are not kept properly and gets damages or goes missing or gets mixed with other producer's products. Another problem is in the foundation there is electricity but as most of the sub centres are in rural areas there is no electricity. So, the lack of lighting can cause hamper in work as they are not able to see properly after dark. Also, foundation manager and in charge should know how to do time management and check the quality during production so a large number of rejection can be avoided.

## **5. Analysis and Interpretation of the Data**

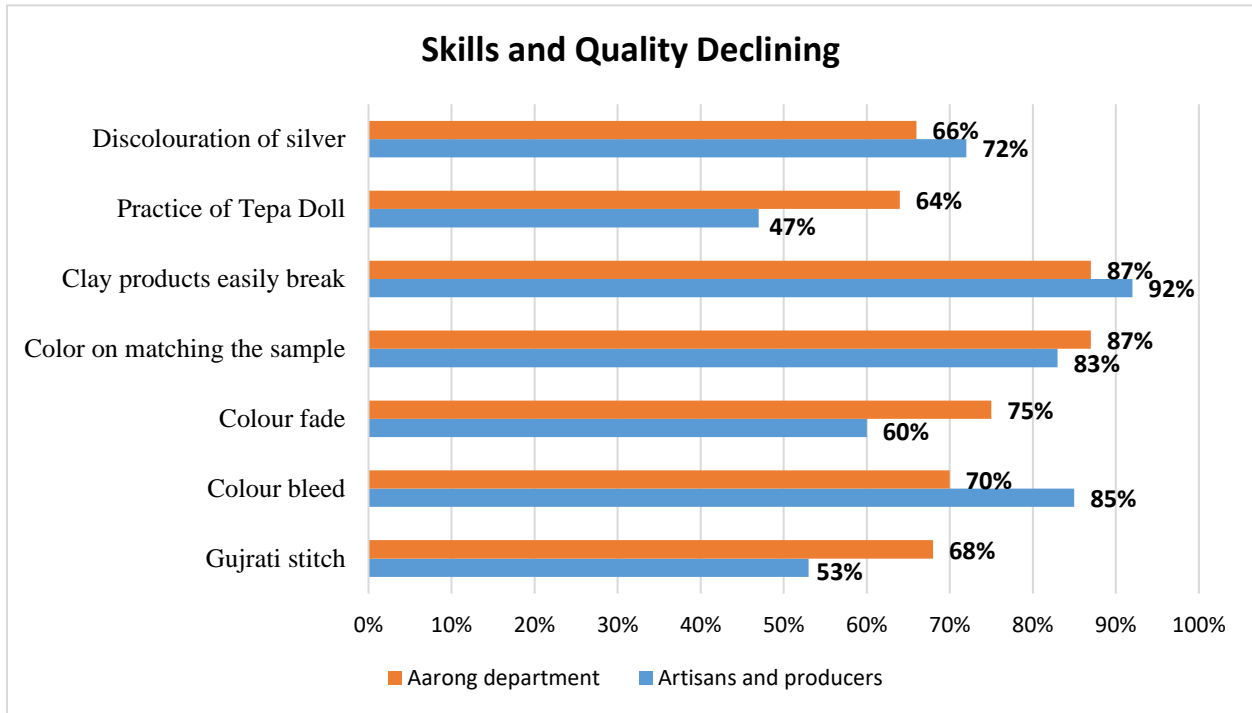
From both FGDs I have found some common ground that both the employees of Aarong and producers and artisans have admitted. These are shown in a graphical manner and explained below.

### Skill and Quality Declining:

From the FGDs, I have found that these are the common mistakes or problems both participants had to face and the skills they think are declining. The biggest concern or problem of both participants is color of the product not matching the original sample. 87% of the Aarong employees and 83% of the artisan have stated that, the main reason of products being rejected is because the production lot not matching the sample that was approved.

In hand embroidery both parties have stated that Gujrati stitch is in high demand however, 68% of Aarong employees and 53% of the artisans and producers think that it is becoming out of practice. Also, in textile, the main concern of quality decline color bleed. 70% of Aarong staff and 85% of the artisans says that because of color bleeding the buyers think the product quality has declined. Also, 75% off the staff and 60% of the artisans and producers have said that, in rainy season, for

the lack of waterproof storage and container, when products get in contact with rain water color fades. This is a defect that causes the product to lose quality and get rejected.



For clay, the most common problem both parties face is they are easily breakable and proper packaging is not done. 87% of the department staff and 92% of the producer and artisans share this concern. Also 64% of the Aarong staff says that, the art of making tapa doll is declining. 66% of Aarong staff have said that discoloration of silver is a reason for silver statues and other home décor getting less demand in the market.

**Reason for decline:**

From the FGDs I have narrowed down 5 main reasons that are responsible for the decline of Production quality. These are:

1. Costly raw material: 46% (12 participants) of the artisans have explained, that because of costly raw materials such as silk threads for embroidery, Shegun wood, and raw materials that are hard to find and are costly to import such as clay for Tapa doll, seasoned palm tree leaves, some of the products are declining and due to finding substitutes the quality is declining. 53% (6 participants) of the officers of Aarong have admitted that even though

the raw materials are costly, Aarong does not exceed the budget allocated to the artisans and producers at the beginning. And still expect good quality product which is contradicting.

2. Lack of guidance: 93% of the artisans, who have been working for over five years and the two training officers (20%) have said that, there has not been any proper training given or workshop conducted for the artisans to improve their skills, to learn new modern techniques regarding their crafts and also new ways of sanitization, storage or packaging. If they are not taught properly or shown the right way of working then there is no way their skill can properly be enhanced.
3. Lack of proper storage facility: Audit officer and HSS officer (20% of the participants) have said that majority of the sub centres are either open or have broken or loose windows that can cause rain water to make contact with the products. 100% of the artisans have agreed that there is a chance that water might enter the sub centre storage and damage the product.
4. Lack of electricity: Without electricity artisans cannot work properly as it becomes to see without lighting. The artisans have to do very detailed work that can become damaged with the slightest mistake and that probability increases with lack of lighting.
5. Lack of proper incentive: incentives are a part of motivation that will help the artisans and producers perform better. All the artisans have agreed that they only get cash payment and health insurance but do not get any festive bonus or commission or a provident fund. The producers only get 12% mark up along with costing in cash and two festive bonuses but do not have any recognition for their work or health insurance. SCPD grievance officer has also confirmed these policies. If they are provided with some incentives they will appreciate their work even more and will try to do perform better.



## **6. Findings of the Study and Discussion:**

One of the main objective of this study was to find out whether providing monetary incentives, training and needs assessment and improvement of infrastructure facilities has direct impact with the production quality of producers and artisans of Aarong. The findings of the research show that there is a positive relationship between incentive, training needs assessment and infrastructure improvement with export product quality.

Basically, it means that, providing monetary incentive such as higher wage, bonus, increase markup value (more than the existing 12%), increase costing and providing provident fund bonus and commission will increase the willingness of the producers and the artisans to improve and increase productivity maintaining product quality while decreasing the number of error. This can be supported by an experiment by a psychologist called Sam Glucksberg, (Glucksberg, 1962) According to his experiment, rewards, by their nature narrows the focus and concentration of one's mind. So, for a task, where there are clear set of rules and direction and a single solution, incentive works well. In this case, artisans and producers are given a particular design approved by the design section. Therefore, they have a clear direction of their work. As a result, monetary incentive will act as a positive motivation to them.

Also, providing training will increase the production quality of the producers and artisans. They will become encouraged that their skill will be better. However, in terms of employee engagement and production efficiency self-direction is also better. So, if they are given the liberty to what type of workshop they want to do as well as some incentives are provided to them for doing the workshops they would be more motivated to perform better. It does not always have to be monetary but could be award to best performer or paid leave, announcing "Artisan of the Month" (who completed the target with least mistakes).

Improving infrastructure, such as better waterproof storage facility and waterproof containers as well providing lighting facility will decrease the mishaps that occur during production. Also, producers and artisans should be encouraged to think and create out of the box rather than to just follow the specific standard. They should be encouraged to make their product quality better than the given standard.

## **7. Recommendation:**

1. I worked closely with the producer and artisans, for conducting social audit as well as FGD. Most of them have a problem with the costing (allocation off money) done by Aarong – Accounts department. With the current costing system, they cannot afford to produce quality product. In some cases, costing has not been reviewed for last five years. Increased price of the raw material, as well as wage demand makes it difficult to make the quality product without facing loss. So, my suggestion is SCPD should review the costing the current market price of the raw materials in mind so the producers do not face a loss.
2. The biggest concerns that was stated in both the FGDs is, the new generation producers as well as the artisans are lacking some skills or are not as skilled as the earlier ones. Therefore, SCPD along with the training department can invite some specialists as guest and arrange a few workshops, at least 3 times a year. These workshops can be to teach Gujrati stitch, how to wash and iron clothes properly so that they do not get damaged, introducing and demonstrating new and better chemicals to artisans for using in production, also how to do packaging for delicate or breakable products. Finally, a training on time management is needed for both the artisans and producers, so that they can efficiently divide their time for work and also knowing who is good at what type of woke and dividing the job accordingly.
3. A craftsmanship award may be provided for a greater “appreciation” of traditional craftsmanship and to enhance passionate commitment and motivation.
4. Foundation managers are always pressuring the artisans for production to increase quantity instead of increasing quality. That’s why they are reluctant to supervising quality assurance for production to decrease the number of rejection for low standard quality. Foundation manager should have that willingness to work as representative of QC and compliance department and should have good hand in implementing those activities. They also should be provided with proper training for monitoring and sensitization.

5. There is also an issue of lack of electricity and lighting arrangement. As most of the sub centres are in rural area and it is not completely possible to provide solar panel in all 658 sub centres, as a substitute battery powered lights can be provided to them, so that the artisans can see properly and work after sunset. Also, water proof bags should be provided to them for carrying products safely for QC.
6. According to the FGDs, monetary incentive plays a major role in improving and maintaining export product quality. Therefore, festival and monthly bonus should be given to the artisans as an incentive. Also, if the artisans are provided with a provident fund so that after the leave work they have a big amount saved, that could help them support their family.

## **8. Conclusions:**

Aarong is one of the most prominent brands of fashion industry in Bangladesh. Therefore, maintaining its production quality standard is important so they can introduce the brand image they withhold to not only Bangladesh but also abroad. In order to maintain the quality standard and improve it further this study was conducted. And the result shows that, incentive, infrastructure improvement as well as training directly effects the production quality. All of them positively effects the quality. Therefore, if Aarong considers increase in costing and mark up value as consider providing artisans bonus and a provident fund, arranges workshops for different types stitches and techniques of crafting, cutting and packaging, provides eco-friendly waterproof containers and also portable lights powered by battery, they would be even more encouraged to work their best with more efficiency. Also, if they are given the slightest bit of recognition about their hard work they would give their best effort in their work. This is how these influences will be helpful for Aarong in order to achieve a higher number of export quality product.

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## 10. Appendix

### Questions on Maintaining Export Quality Production (For Internal Employees)

This FGD is aimed at collecting data for academic purpose only. No part of this data will be used for commercial or personal purpose, except for the purpose of academic project. Personal information will be kept strictly anonymous and confidential. Thank you for your time and cooperation for this academic project.

1. What products are being exported by Aarong?
2. How much of the annual revenue is gained from export?
3. Is it higher or lower compared to earlier years?
4. What might be the possible reason for this result? (factors)
5. What kind of skills are declining?
6. Is the quality of the production not meeting the demand?
7. What are the most common mistakes seen in the QC and Warehouse?
8. Could this be because of lack of training? What type of training can be provided?
9. Has there been any initiative taken?
10. What are the most common grievance you have faced regarding product quality?
11. Is the environment where they are working (sub centres) or lack of storage a problem?
12. Are they satisfied with the pay?
13. How do you think they can be motivated?

## **Questions on Maintaining Export Quality Production (For Producers and Artisans)**

This FGD is aimed at collecting data for academic purpose only. No part of this data will be used for commercial or personal purpose, except for the purpose of academic project. Personal information will be kept strictly anonymous and confidential. Thank you for your time and cooperation for this academic project.

1. Do you know that your products are being exported?
2. Are you clear about the standard of quality maintained by Aarong? How?
3. How many times did you get the briefing? By whom?
4. What are the problems you face while maintaining them?
5. What are the skills do you think can be improved for maintaining the standard?
6. Do you think if Aarong conducts a few training sessions it will help?
7. What criteria should be considered for the training?
8. How long do you think the duration should be?
9. How is your work environment? Do you face any difficulty while working in the sub centres (clean environment, lighting, machines, storage)?
10. Do these difficulties have an impact on production quality?
11. What types of benefits do you get while working in Aarong?
12. What can be improved?

## Personal Information

Producer/ Artisan Code: \_\_\_\_\_

District: \_\_\_\_\_

You produce/make \_\_\_\_\_

You have worked for AARONG for \_\_\_\_\_ years.

Age \*

- 16-20 years
- 21-25 years
- 26-30 years
- 31-40 years
- 40 years above

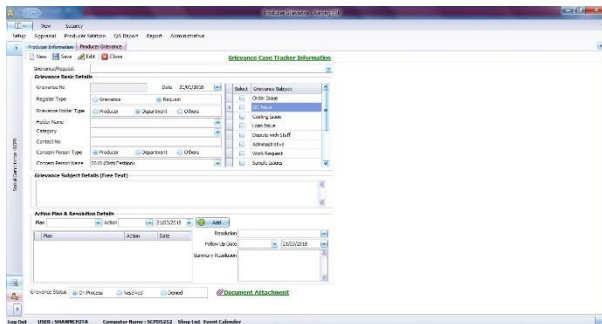
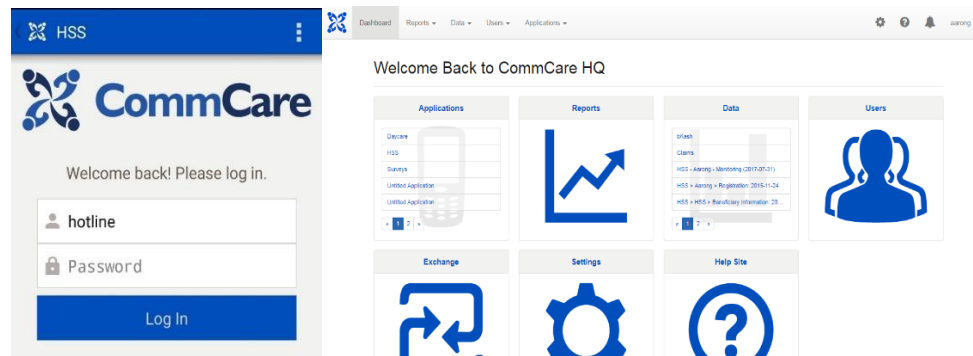
Gender \*

- Male
- Female

Pictures used in the report:



Personal Information		Total Number of Organized Artisans			Production Information	
Producer/Function Name	Al Islam Ma	Total	Male	Female	Min	Max
Producer Code	0207	18	10	8		
IP Status	Active	Main Production Unit Artisans			Machine Type	Count
Audit Location	Ruggaj - 163	Salary	0	0	Tap	0
Proprietorship	Own	Place Rate	10	0	Monthly Production Capacity	0
Actual Factory Address	Dakhin Rajpi, Rajpurj, Narayanganj	Price Rate	0	0.00	Monthly Order Volume	0
Category	Saree	Field Producer Unit Artisans				
Enterprise Category	Micro	Salary	0	0	Price Rate	0
Unit	Own	Field Producer Unit Artisans				
Date visited	01-25-2018 14:28:51	Price Rate	0	0	Field Producer Unit Artisans	0
Compliance Officer	Bhujana Das (22345)	Adolescent Artisan				
Field Location	23 73270247_10 93948429	No of Adolescent Artisan	0			
Audit Type	Schedule Audit	Type of Adolescent Artisan	N/A			
Working Condition		Needs Improvement - 1				
Environmental Management		Needs Improvement - 2				
Structural Facilities		Needs Improvement - 2				
Product and Personnel Security		Needs Improvement - 2				

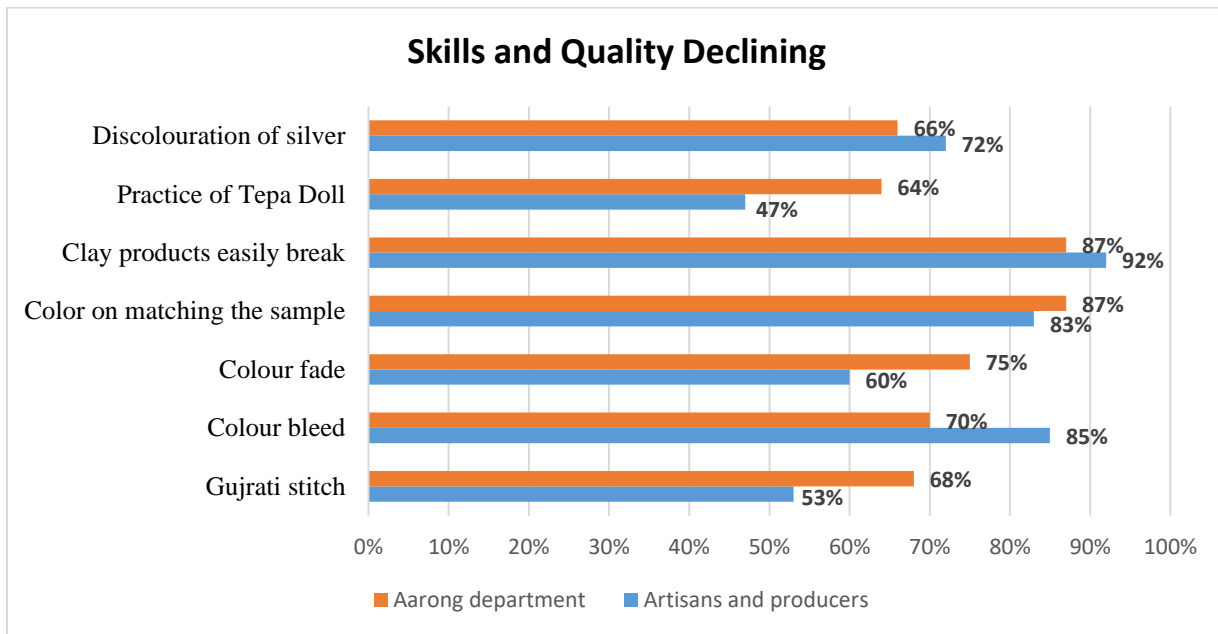
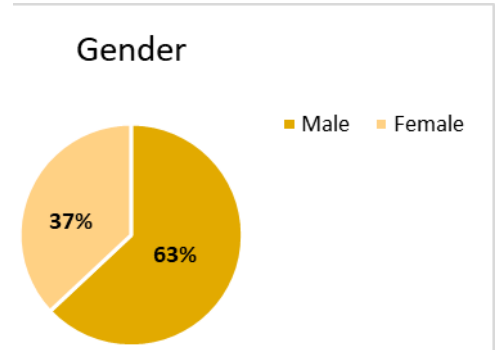
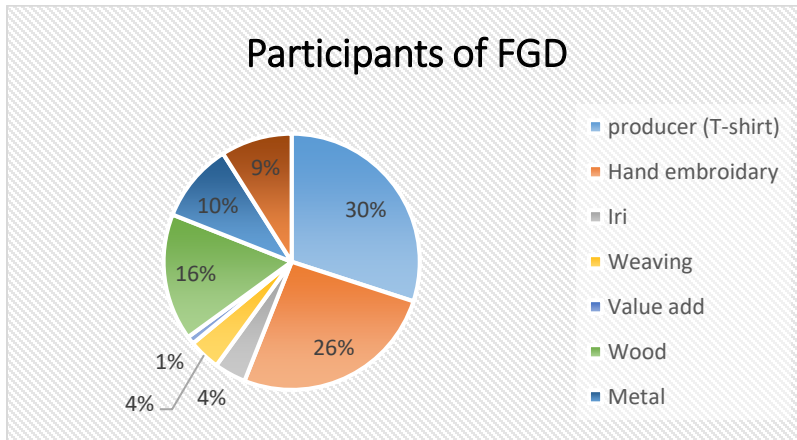




Fabric and products mentioned in the paper:



Graphs used in the paper:

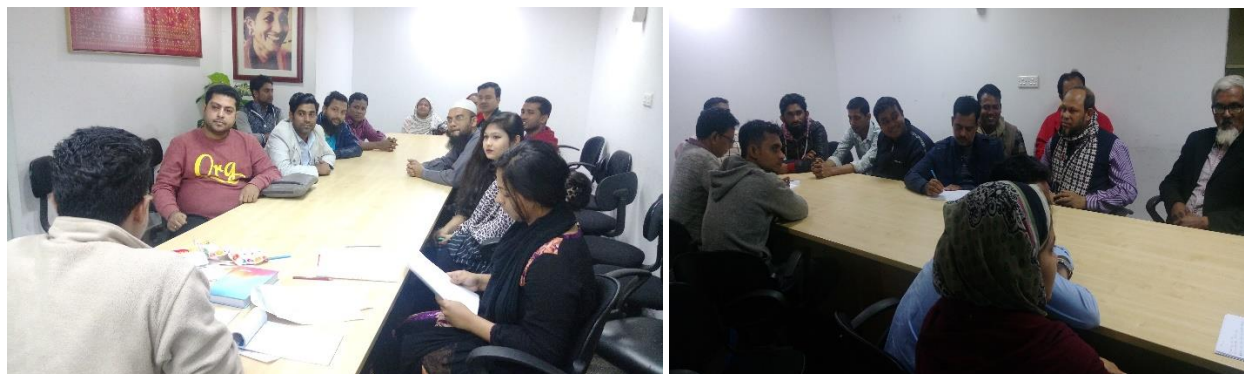


LOGO:



## **FGD with the Producers and Artisans:**

### **Pictures of the FGD:**



Sessions: T-shirt, Value Addition/Household, Non-Textile, Weaving, Hand Embroidery, Iri

Moderators Name: Fatema Tuz Zahra

Date: March 27, 2018

Duration: 1 Hour and 30 Minutes

<b>Time</b>	<b>Section</b>	<b>Length</b>	<b>Activity</b>	<b>Details</b>
10:30 am	Introduction	5 minutes	Speech	1. Welcome 2. Overview of topic 3. Ground Rules 4. First Introductions
10:35 am	Questions – Knowledge about Aarong Export	20 minutes	Discussion	Moderator uses questions to prompt open-ended discussion for taking notes. Moderator encourages discussion of benefits and weaknesses.
10:55 am	Questions – Problems they face during production	20 minutes		
11:15 am	Questions -Working condition, payment and training	20 minutes		
11:35 am	Discussion summary	15 minutes	Written	Participants asked to write 3 most important elements of topic.
11:50 am	Conclusion	10 minutes	Speech	1. Summarise with confirmation 2. Review purpose and ask if anything missed 3. Thanks
12:00 am	Review	20 minutes	Speech	review the discussion topics and preliminary findings.

### **Highlights of the FGD:**

Moderator: “Do you know that your products are being exported?”

Artisan (hand embroidery): “Really? No, I am not aware of this!”

Artisan (Hand embroidery): “if majority of the artisans in the sub centre were making mistakes, they would again get a short briefing about maintain standards and to be careful but otherwise, there were nothing done.”

Artisan (clay): “the only common complain I receive about my product is they sometimes find a few broken pots or vases or other items from the batch I sent for QC”

Artisan (Erri): “the cloth I work on sometimes turns out faded in color or it starts to color bleed”

Artisan (Hand embroidery, wood, clay): “we do not have electricity in our sub centres, so it is difficult to work after sunset. That increases our chance of doing mistakes.”

Artisan (hand embroidery): “of course there are some things we are not good at. I cannot do Gujrati stitch, or appliqué, brother here might be good at finishing but not at cutting or packaging. It will be helpful if someone could show it or teach it to us and benefit us in the long run.”

Artisans (all): “we do not get any type of bonus”

Artisan (clay, wood, hand embroidery): “in rainy season, sometimes water leaks from the roof or window of out sub centres and damages our products”

### **FGD with the Internal Employees:**

#### **Pictures of the FGD:**



Sessions: Export, Merchandising, Quality Assurance, Warehouse, Ayesha Abed Foundation, Textile, SCPD

Moderators Name: Fatema Tuz Zahra

Date: March 27, 2018

Duration: 1 Hour and 30 Minutes

Time	Section	Length	Activity	Details
02:30 pm	Introduction	5 minutes	Speech	1. Welcome 2. Overview of topic 3. Ground Rules 4. First Introductions
02:35 pm	Questions – Knowledge about Aarong Export	20 minutes	Discussion	Moderator uses questions to prompt open-ended discussion for taking notes. Moderator encourages discussion of benefits and weaknesses.
02:55 pm	Questions – Common Mistakes in production, Grievance	20 minutes		
03:15 pm	Questions - Working condition, payment and training of workers	20 minutes		
03:35 pm	Discussion summary	15 minutes	Written	Participants asked to identify 3 most important elements of the topic.
03:50 pm	Conclusion	10 minutes	Speech	1. Summarise with confirmation 2. Review purpose and ask if anything missed 3. Thanks
04:00 pm	Review	20 minutes	Speech	review the discussion topics and preliminary findings.

### **Highlights of the FGD:**

Export officer: “This year only 5% of the revenue was from export”

Merchandising officer: “Earlier the producers or artisans that were involved, were doing this work since a very young age and were very skilled, but now the next generation producers are are not as skilled”

QC officer: “Sometimes the colour of the sample does not match (darker or lighter) with the production batch”

Textile officer: “In hand embroidery some artisans are not skilled enough to adapt new design (Gujrati stitch, Phulkari) given to them”

Audit officer: “Lack of proper lighting facility is something we need to solve to reduce mistakes of the artisans”

Audit officer: “Time is not equally distributed for the production and not properly maintained.”

Grievance officer: “Most common grievances that the officers face is regarding costing and to the QC efficiency level.”

HSS officer: “Foundation manager and in charge should know how to do time management and check the quality during production”